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No. 561

In the Supreme Court of the United States

October Term, 1950

C. F. WILLIAMS, JR., *Petitioner,*

vs.

HUGHES TOOL COMPANY, *Respondent.*

On Petition for Writ of Certiorari to the United States Court of Appeals for the Tenth Circuit.

PETITION for REHEARING.

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Williams petitions for rehearing for the following substantial reasons not previously urged:

We are faced in this situation with a trend of decisions in the two Circuits that encompass the major oil producing areas of this country, which trend is wrong, and which is highly important to the entire oil industry, but which we are powerless to correct without intervention of this Court.

We sincerely believe that the erroneous trend arose through a long series of cases in nearly all of which respondent Hughes was plaintiff, and all of which respond-

ent won.[1] The earlier of these were probably decided correctly, but by reason of weak defense efforts, a gradual expansion of respondent's claims, and a natural tendency of the Courts of the Fifth and Tenth Circuits, to follow their own decisions, and the decisions of each other, even though changing factual situations, respondent has progressively enlarged and extended the monopoly of its patents to an

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a. Reed v. Hughes Tool Co., (C. C. A. Tex.) 282 Fed. 807 (1922); Patent: 930,759.

b. Reed Roller Bit Co. v. Hughes, (C. C. A. Tex.) 12 F. (2d) 207 (1926); Patent: 930,759.

c. Hughes Tool Co. v. International Supply Co., (C. C. A. Okla.) 47 F. (2d) 490 (1931); Patents: 1,320,384, 1,480,014.

d. Hughes Tool Co. v. Garber Tool Co., (D. C. Okla.) 16 U. S. P. Q. 97 (1932); Patents: 1,320,384, 1,480,014, 1,647,753.

e. Chicago Pneumatic Tool Co. v. Hughes Tool Co., (C. C. A. Okla.) 97 F. (2d) 945 (1938), cert. den. 305 U. S. 643; Patent: 1,647,753.

f. Southwestern Tool Co., et al., v. Hughes Tool Co., (C. C. A. Okla.) 98 F. (2d) 42 (1938); Patents: 1,320,384, 1,480,014, 1,647,753.

g. Hughes Tool Co. v. United Mach. Co., et al., (D. C. Tex.) 35 F. Supp. 879 (1939); Patents: 1,480,014, 1,647,753 and 1,856,627 on cutters and 1,905,079, 2,011,084, 2,030,442 and 1,983,283 on bearings.

h. Williams Iron Works v. Hughes Tool Co., (C. C. A. Okla.) 109 F. (2d) 500 (1940); Patents: 1,480,014, 1,647,753, 1,856,627 on cutters; 2,011,084, 2,030,442 on bearings.

i. Hughes Tool Co. v. Owen, et al., (C. C. A. Tex.) 123 F. (2d) 950 (1941); Patents: 1,647,753 and 1,856,627.

j. Chicago Pneumatic Tool Co. v. Hughes Tool Co., (C. C. A. Del.) 61 F. Supp. 767, affirmed 156 F. (2d) 981, cert. den. 329 U. S. 781 (1946); jurisdiction refused.

k. Hughes Tool Co. v. Robertson Rock Bit Co., et al., (C. C. A. Tex.) 176 F. (2d) 783 (1949), cert. den.; Patents: 1,856,627, 1,983,316, 2,011,084 and 2,030,442.

l. Hughes Tool Co. v. Chicago Pneumatic Tool Co., (D. C. Okla.) 85 U. S. P. Q. 455 (1950); Patents: 1,856,627, 1,983,316, 2,011,984, 2,030,442.

entirely unjustified monopoly extending beyond both the scope and lifetime of its patents.[2]

This has been done partly by joining in litigation later-issued unadjudicated patents, and earlier-issued adjudicated patents so that the Courts have tended to adjudicate the later-issued patents as valid and infringed without independent consideration.

It has been accomplished by repatenting the same inventions over and over again, as suggested twenty years ago in *Hughes* (the respondent here) v. *International*, 47 F. (2d) 490 (C. C. A. 10), in a dissenting opinion by Judge McDermott:

> "* * * Personally, I cannot see where it involves even mechanical skill. If alignment of a third hole involves inventive genius, I cannot see why the plaintiff may not, when the present patent has expired, insert a shim or washer between the bushing and ring, put a hole therein, align this *fourth* hole with the *three* already aigned, patent the additional alignment, and extend its monopoly ad infinitum. Counsel ask, Why was it not done before? Many answers suggest themselves, one of which is that a prudent manufacturer, protected by a patent as was true here, would prefer to let the operator assemble rather than assume all the risk of unsatisfactory results from a device already assembled. *When the old patent expired, this device was resorted to in order to extend the term of the patent.* Business success is little argument where, by virtue of a patent monopoly, the plaintiff controlled the field for seventeen years." (Emphasis added.)

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2 In Wabash Corp., et al., v. Ross Electric Corp., et al., 88 U. S. P. Q. 393, Judge Frank, the Second Circuit Court of Appeals, cited Hughes Tool Co. v. Chicago Pneumatic Tool Co., 90 F. Supp. 845, 847, as an example, saying (page 403):

> "It gives the patent-owner, gratuitously, a highly persuasive precedent for use in litigation, with other prospective defendants, thereby hurting the public interest."

It has been accomplished in the presnt case by patenting and sustaining a patent on the interfitting of the rows of teeth *on a three-cone bit*[3] long after the respondent patented the interfitting of the rows on a *"two or more" cone bit.*[4] Next time it will probably be a patent on a four-cone bit. The Tenth Circuit Court of Appeals here obviously did not apply the proper standard of invention.[5]

This enlarged monopoly has been accomplished in the present instance by the use of a contract (Hughes lease, R. 149) that has prevented a clear test of infringement of the respondent's patent or patents. This contract makes it so uncertain as to whether the petitioner is infringing a patent, or violating a contract that the Tenh Circuit Court of Appeals, even after a sitting "in banc," has never made the matter clear. The unexpired patent will expire in December of this year, and then, its monopoly will apparently

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3 Scott, et al., 1,983,316 (R. 141).

4 Scott, 1,480,014 (R. 189).

On page 1 (R. 191), line 82, this patent says:

> "It will be obvious that these cutting rollers will be formed in *sets of two or more* and the rows of teeth upon one cutter are positioned upon the cutter so they will be offset slightly from those of the adjacent one, thus allowing the teeth to interfit as shown in the drawing."

In Williams Iron Works v. Hughes Tool Co., 109 F. (2d) 500, 502, the Tenth Circuit Court of Appeals said with reference to this earlier patent:

> "The embodiment of the invention illustrated in the patent drawings employs two cutters, although the patent is not limited in this respect and the more common practice today is to employ three cutters."

5 This Court apparently granted Certiorari in Crest v. Traeger, No. 446, (argued April 10, 1950) for the purpose of clarifying the standard or test for invention. From listening to the argument and considering the briefs, it becomes apparent that the facts will not lend themselves satisfactorily to this purpose. A comparison of the patent in suit here (R. 141), and only one or at the very most two prior art patents (R. 189 and R. 179) provides a clear cut situation in which to point out, once and for all, whether the ordinary step-by-step changes in the art are to be considered invention.

be extended, directly contrary to law, by this private contract.[6]

It has been accomplished by contracting out of existence the patent doctrine of permissible repair. Apparently petitioner cannot even make a minor repair to a Hughes' bit, because of the contract. This is a clear extension of the patent monopoly.

The private contract involved has been called a sale on the books of the respondent, and to the Bureau of Internal Revenue and to the property taxing authorities, for the purpose of reducing taxes.[7] To the exact contrary, it has been called a *"lease"* in this litigation so as to effectuate a restraint of trade. Judge PHILLIPS said during the second oral argument that the contract would obviously be a restraint of trade if it were a sale, and so it would be, but the Court permitted it to be called a lease for one purpose, and a sale for another.

Because some of the same patents were involved, we feel that even the Petition for Certiorari to this Court in this case was unconsciously prejudiced by *Robertson* v. *Hughes*, No. 486, which very shortly preceded it in this Court. This case is definitely *not* a "rehash" of the *Robertson* case. We have here a very different situation, and one deserving of consideration upon its own merits. Robertson was a copying manufacturer; Williams is a simple repair man doing an old well-known repair that has been done to bits of all kinds for many years.[8]

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6 Petitioner attempted to obtain a clarification of this point (last paragraph of Petition for Rehearing below, R. 263); Respondent urged that the contract by right of proprietorship was effective regardless of patents (R. 266); and the Court of Appeals refused to clarify its decision (R. 266).

7 Interrogatories and Anwers (R. 223-226); Garmany deposition (R. 137-138).

8 (R. 199-221)- (R. 175-178)

In the present situation, the regularity with which respondent has had its patents held both valid and infringed points to one of two conclusions. (*1*) The respondent is a model of propriety in the way in which it obtains and *uses* patents, and if others followed the pattern we would not have so many holdings of invalidity and non-infringement, or (*2*) the trend of the decisions is wrong, as we have above indicated.

In either case, a review by this Court could do much to clarify the law as to whether or not the ordinary step-by-step changes in the art are patentable, for they certainly involve no "flash of genius." It could also do much to fix for the future the weight to be given precedent in patent cases.

The monopoly here has grown from the justified protection of an invention to the crowding out of business of ordinary repair men, and the burdening of the whole oil industry with the extra price of thousands of unneeded new tools only to swell the coffers of the manufacturer. If this can be done in one industry, it can be done in all industries and the trend and force of these economically unsound decisions in the Fifth and Tenth Circuits will become more vicious and harder to correct as time passes. It should be corrected now.

Respectfully submitted,

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April 20, 1951.

CERTIFICATE.

We hereby certify that the foregoing Petition for Rehearing is filed in good faith and not for the purpose of delay.

CHARLES M. MCKNIGHT,

ROBERT F. DAVIS.